Determining the Effect of Inconsistent Psychological Contract on Early-Stage Attrition: A Qualitative Study

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Abstract

Nearly 27% and 75% of the world's workforce will likely comprise Gen-Z and Millennial workers by 2025 (World Economic Forum 2022, Deloitte, 2014). With rising annual average attrition across organisations, particularly in early-stage careers, management of early careers is undoubtedly one of the most significant concerns organisations face today. This research was designed to elicit the psycho-social factors that cause high attrition in early careers, explicitly focusing on 0-90-day attrition. The study was conducted in a prominent ITeS organisation with large-scale operations in the UK, USA and India. At the time of the research, the 0–90-day attrition in early careers was close to 60%. The organisation was onboarding approximately 100 new hires every week to backfill attrition-led vacancies and grow the business. The qualitative narratives from 50 participants (23 and 27 from UK and USA) uncovered aspects of inconsistent psychological contracts, belongingness deficit, and inconsistent addressal of crucial employee journey transition points as significant causes of early attrition. Based on the findings, we proposed an 8-Hex Model to define and identify psychological contracts for different job families. We proposed a behaviourally-anchored organisational structure to facilitate systematic internal talent mobility between "transactional easy" and "transactional difficult" job families, supported by effort-reward systems built around consistent psychological contracting. The research outcomes were used to reframe the employees' journey points from pre-hiring, hiring, and engagement within 0-90 days of joining, significantly impacting the organisation's early career retention.

Keywords

Psychological Contract, Attrition, Job Difficulty, Workplace Belongingness, Narrative Analysis.

1. Introduction

The COVID-19 pandemic served as a pivotal catalyst to bring about drastic shifts in how people perceive their careers in relation to "life". Organisations across the globe navigated the ripple effects of the pandemic as employees re-evaluated their life-career balance. Anthony Klotz, a renowned faculty member at Texas A&M University, proposed the idea of The Great Resignation to predict the post-pandemic attrition rate as life returned to "normal".

Research conducted by Deloitte US (The Deloitte Global 2022 Gen-Z and Millennial Survey) indicates that young people are increasingly seeking flexibility and 'purpose' in their work and an overall sense of balance and satisfaction in their lives. As a result, many of them reject the "live-to-work" lifestyle and move away from defining their self-identities through work productivity. With a higher focus on work-life balance, mental well-being, passion, and a re-consideration of the importance of "work" in one's life, the youth today make career choices differently, and this plays a crucial role in retention. A recent report by Chally (2022) revealed that employee turnover costs could equal up to one-third of the employee's annual salary. A study by the Centre for American Progress (2022) has found that the cost of replacement was, on average, 213% of the employee's annual salary for highly skilled employees.

Therefore, the actual cost of employee turnover includes more than just the potential loss in revenue. It involves recruiting costs (interviews, screenings, hiring), onboarding costs (training), loss of productivity (halt in current projects as existing employees face added responsibility of training new employees), opportunity cost (loss of time, sales, clients while training new employees) as well as cultural cost (higher turnover can lead to feelings of doubt and uncertainty towards the organisation eventually causing disengagement and decreased productivity). Large-scale attrition is currently one of the most crucial concerns of organisations worldwide. In a study conducted by McKinsey & Company (2021) across five countries (Australia, Canada, Singapore, the UK, and the USA), 40% of the employees reported being likely to quit their jobs in the next 3 to 6 months. Additionally, 18% were confident about leaving their jobs within six months. These findings were consistent across all countries. There is a considerable disparity in how employees and employers look at the levers of rising attrition today. While employees focus extensively on their relationship with their employers, organisations concentrate on transactional gains and benefits. Instead of employing appropriate solutions based on a systematic analysis of causes, organisations resort to quick fixes and implement retention solutions such as compensation, work-life balance, bonuses, and incentives, that eventually fail in curtailing the trend (De Smet et al., 2021). In the exploration of early-stage attrition, this research discovered several sociographic factors that contribute to the decisions employees make around careers.

1. The Relationship Between Organization and Employee

The nature of an employee's relationship with the organisation strongly influences their decision about their job and career. Employees today focus tremendously on the level of belongingness and reciprocity in their organisational relationships, which are the foundations for their work motivation, performance, and the decision to stay with the organisation. Healthy workplace relationships make employees feel a sense of belongingness and enhance their identification with the employer/organisation. Belongingness is the foundation of one's social identity (Filstad et al., 2018). It can be described as a subjective feeling of being integral to one's surrounding systems,

including family, friends, colleagues, communities, cultural groups, etc. Humans tend to have a deep need to feel a sense of belonging characterized by positive connections with the people around them. (Allen, et al., 2021). It builds and enhances their self-awareness about who they are and what they want to be in the context of their socio-cultural environment.

2. Psychological contract

Conceptualised by C. Argyris in 1960, a Psychological Contract is a set of values and perceptions the organisation and employees hold about each other. It is an unwritten contract based on a perceived promise between an employee and the employer. It emphasises the employee's belief in the reciprocity of their relationship with the organisation/employers (Rousseau, 1989). Mueller (2009) defines a Psychological Contract as an implicit agreement between the employee and employer about how each party expects to be treated based on the workplace's culture and behaviour. She suggested that these expectations arise from the perception of promises made by the employer to the employee and guide behaviour and the interpretations of events (Freese and Schalk, 2008, as cited in Nwokocha, 2015). However, it is essential to note that the organisation and employee can perceive such duties differently, which may lead to conflict and quitting/termination. (Krishnan, 2011).

The idea of a Psychological Contract is based on the concepts of Norm Reciprocity and Social Exchange Theory, both highly prominent in Social and Organizational Psychology. It suggests that such a contract involves a balance between the employee and employer, in which both parties are perceived to have an obligation towards an exchange agreement. (Shore & Barksdale, 1998, as cited in Ruokolainen et al., 2016). A Psychological Contract emerges when one party believes that a promise of future returns has been made, a contribution has been given, and thus, an obligation has been created to provide future benefits (Agarwal, 2011). According to the theory, employees feel obligated to stay and repay the organisation for the support they receive. (Raj, 2020). It is important to note that a perceived unfulfillment or breach of the contract leads to a higher chance of quitting the organisation. Thus, the more the employees' psychological contracts are fulfilled, the higher their commitment and intent to remain with their organisations. (Turnley and Feldman, 1998, as cited in Nwokocha, 2015; Guest & Conway, 2002, as cited in Zacchaeus, 2021). As a consequence of perceiving that their implicit interpretation of the psychological Contract has been violated, employees feel morally disheartened and often attrite early. (Nelesh & Sanjana, 2014, as cited in Zacchaeus, 2021).

Types of Psychological Contracts

Rousseau (1989) has distinguished between the following types of psychological contracts based on the employee's tenure and work requirements.

Basis of Differentiation	Transactional Psychological Contract	Relational Psychological Contract	Balanced Psychological Contract
Expected Tenure	A s hort-term and limited period of commitment.	A long -term and extended period of commitment.	Usually, long-term.
Motivators	Driven by external and tangible rewards.	Driven by positive workplace relationships.	Driven by both external (compensation, etc.) and internal rewards (belongingness, etc.)
Characteristics	Characterised by economic gains, remuneration, personal and professional growth, expectations of job security, etc.	Characterized by softer aspects such as job content, social atmosphere, level of belongingness, trust and emotional attachment, etc.	Characterized by financial gains, professional growth, job security , workplace relationships, and the need for long-term association.
Likelihood to Attrite	The employee feels no obligation to stay with the organisation.	The employee feels obligated to stay with the organisation for an extended time.	The employee feels obligated to stay with the organisation long-term.
Nature of Job	A fixed set of duties is to be performed by the employee over a limited period in exchange for compensation.	A fixed set of duties is to be performed by the employee over a long period in exchange for membership, respect, and status.	A f ixed set of duties and performance requirements that may change over time with work tenure.

Table 1: Types of Psychological Contracts (Lub et al., 2011).

Generational Influences on Psychological Contracts

Before a relationship is established with a particular job or organisation, individuals develop ideas and perceptions about what their "career" means to them. Each individual is likely to hold different opinions, expectations, and approaches toward their careers, further determining their decisions regarding job profiles, compensation, and work-life balance.

The construct of career maturity, earlier known as vocational maturity, was proposed by Donald Super in 1955. Super advocated that occupational choices must be viewed as an unfolding process instead of a point-in-time event (Super et al., 1966). He defined 'career' as a series of developmental stages, from early adolescence to retirement age, and characterised each step with specific, appropriate, and relevant tasks (Patton & Lokan, 2001).

One of Super's early contributions is the Life Career Rainbow Model (Super & D. E., 1980), which focuses on the interplay between personal and situational factors in determining workplace behaviour and helps explain one's career choices and trajectories. (Salomone, 2020).

Stage of Career Maturity	Age group	Characterisations
Growth Stage	0 – 14 years	Characterized by the development of attitudes, self-concepts , fantasies, and interests .
Exploration Stage	15 – 24 years	Characterized by developing self-critique, self - examinations, role try -outs, and occupational exploration. Fantasies and desires primarily drive individual s.
Establishment Stage	24 – 44 years	Characterised by developing early career interests and choices, skill -building, and establishing an industry position.
Maintenance Stage	45 – 64 years	Characterised by vocational and financial growth within the chosen career field and improving competencies, knowledge , and status/position.
Decline	65 years and above	Characterized by a decline in physical and mental functioning, quality of work and output, preparation for retirement , and ultimate cessation of work activity.

Table 2: The stages of Donald Super's Career Maturity Model (Super & Jordaan, 1973).

The Exploration and Establishment stages of the model are relevant anchors of this research and provide insights into the most prominent factors influencing an individual's early career decisions. The Exploration Stage is characterised by a "fantasy" led view of careers, nudging young talent to consider jobs that seem "glamorous" and "popular", amongst other things. During this phase, the individual is driven mainly by fantasies and has less hold over realities, which impacts their approach toward career choices (Super, 1969).

Limited perception of job reality and low self-awareness leads to poor career choices. Such an inability to perceive "reality" leads to an incorrect assessment of typical "job description words" and meaning-making that does not reflect the true nature of work. For instance, "flexible work-from-home" mentioned in job adverts and descriptions may mean different things to different people, especially in the exploration stage. This may lead them to feel disengaged when reality does not align with expectations.

The exploration stage is characterised by low acceptance of feedback and lower resilience against job pressures that nudge a re-negotiation of the current life-career balance, pushing the individual to give up "life" in favour of "career". The initial establishment stage is a cusp between the exploration and establishment stage. Having attained some initial work experience and self-awareness, the individual commits to building a stable career. The individual selects career options using "elimination" as a critical level (over fantasy, as seen in the exploration stage) and eliminates options not aligned with their interests, life-career relationships, and skills. There is a willingness to bring "career" into the centre stage of "life" by assigning considerable time and effort to job-related activities. This stage is characterised by openness to feedback, resilience towards job

difficulties, and the willingness to explore complex tasks that require new skills. The establishment stage is considered a golden period of professional engagement. Arising typically between the age group of 24 to 44 years, this stage is characterised by the development of clear career aspirations and the willingness to invest time/effort in learning career growth-related skills. Attrition and engagement during this stage would, therefore, have different levers than those for the exploration and initial establishment stage. Individuals covered in this research belonged to the exploration or initial establishment stages and thus held job perspectives and expectations that were not aligned with job reality. This, combined with the organisation's inconsistent communication of intent and psychological contract, led to misaligned expectations and eventually high attrition in 0-90 days of employment.

3. Generations and Retention

Specific experiences in the formative years of one's life, typically between the ages of 16 and 25, play a crucial role in determining their values, opinions, and attitudes. Such experiences lead to the formation of a mental schema, which remains stable and consistent and helps individuals respond to multiple social situations, including workplace behaviour and employment relationships (Mannheim, 1952, as cited in Lub et al., 2015).

Rousseau (2001) has postulated that pre-employment experiences, which include societal events during adolescence and early adulthood, are some of the critical antecedents of psychological contracts. Such experiences shape one's notions of reciprocity, commitment, mutuality, etc., further impacting one's approach toward one's organisations. Therefore, considering that each generation has unique social, cultural, economic, and political contexts, it is argued that their attitudes toward the workplace will vary, and psychological contracts will differ (Lub, 2015).

A large-scale poll conducted by the International Survey Research in Britain (Hiltrop, 1995) found that young employees are primarily looking for rewards such as involvement, meaning, flexibility, quality of life, work-life balance, etc., which is drastically different from the priorities of the older generations, which looked mainly for commitment, growth, loyalty, etc. (Meuse, Bergmann & Lester, 2001). Employing an age-centred approach, Farr and Ringseis (2002) argued that older workers have more rigid psychological contracts and expect more from their employers because of their seniority. However, this contrasts with a later finding by many authors, which states that the younger generation's self–centredness and self–interest leads to greater expectations of their employer's obligations, which thus creates a significantly greater impact of contract breach as compared to older workers (Lub, Blomm & Bal, 2011).

4. Economy and Retention

Compared to the 1990s, the 21st-century workforce has many more career options than the previous generations. The digitised workplaces, the emergence of new industries that value

diversified skills/experiences, and the enhanced educational systems that provide broader skills have opened up job opportunities for the young workforce, offering them choices that never existed before (World Economic Forum, 2016). The economy of jobs implies more options and a greater incentive to switch roles instead of staying with an organisation where one's perceived needs remain unfulfilled. Social media also plays a crucial role in allowing job adverts to reach the new workforce quickly and conveniently. At the same time, the use of social media for job search purposes has been associated with lower levels of job satisfaction and higher levels of job search anxiety. (Kluemper, D. H., Rosen, P. A., & Mossholder, K. W, 2012). The recruitment programs have been aggressive and attractive in the war on talent, especially in early careers. The extreme promotion of benefits and workplace engagement activities has reduced the communication around actual job content. Hence, young explorers' already fantasy-led career decision-making adds additional risks of choosing a career based on assumed benefits and less on the understanding of reality.

5. Method

5.1. About the Organisation

The study focused on the nature of employee attrition at a global shared-services organisation that leads business process management services and outsourcing partnerships. They are a leading provider of solutions spanning the customer lifecycle across banking and financial services, communications, healthcare, media and technology, etc.

5.2. Purpose of the Study

This study was conducted to gain in-depth insights into the psycho-social causes of early attrition, specifically in the first 90 days of employment. It was designed to identify critical factors of employee experience that can impact employee retention in 0-90 days.

6. Research Methodology

The research methodology of Phenomenology was utilised for this study with the objective of delving into participants' experiences regarding a specific phenomenon. This approach seeks to provide insights into the nature of the phenomenon and its potential causes. In this study, Phenomenology was employed to investigate the high attrition rate (60%) within the organisation with the objective of uncovering its underlying causes.

6.1.Sample

The sample for the study consisted of 50 employees across two geographies – the UK and the USA, with a total of 27 and 23 participants, respectively. The study was conducted for the mortgage business, which accounts for approximately 20% of the organisation's total revenue and 30% of total early-stage attrition.

6.2.Method of Data Collection

Qualitative, structured, open-ended narrative interviews were conducted to understand the perceptions and experiences of employees that led them to decide on staying or leaving within the first 90 days of employment with the organisation.

6.3.Method of Data Analysis

Narrative Analysis is a qualitative analysis technique employed for this study. It is a psycho-social technique in which the participants are encouraged to share their thoughts, feelings and experiences as a story. The content of such stories is interpreted to extract meaningful psychological and behavioural explanations. It involves the interpretation of patterns in the narratives born out of the participants' lived experiences, thereby accommodating subjective and individual perspectives. It facilitates an in-depth understanding of the person's life journey.

7. Results and Discussion

A detailed review of the emerging narratives uncovered the following findings as causes of early-stage attrition in the organisation's mortgage business.

- Finding 1: The organisation provides inconsistent psychological contracts to their employees, leading to dissonance and feelings of mistrust, which quickly turn into reasons to leave the employment
- Finding 2: There is inconsistent addressal of key transition points of an employee's journey from pre-hiring to the first 90 days, leaving the employee with no aids and platforms to address their emerging dissonance.
- Finding 3: There is a perceived deficit in belongingness in the organisation- in perceived and lived experience, leading employees to believe there are mere “resources” in the story or organisational success.

Finding 1: Inconsistent psychological contracts: This finding rests on three key discoveries from the narrative analysis:

a) The fallacy of an easy transactional contract: The new employees experience dissonance in the psychological contract as they move from pre-hiring to the first 90 days of work as their psychological contract shifts from balanced easy to transaction tough.

b) The misgiving about flexibility: There are diverse meanings that employees and employers make of benefits like "flexibility" and "Work from Home", leading to expectations mismatches around work timing and the definition of discipline.

c) Uncertainty of employment identity: Their psychological contracts remain unanchored as employees grapple with uncertain identity over “who do I work for?”- they are hired by the organisation, but their performance and rewards are decided and delivered by their client.

Of the 8 types of psychological contracts populated by Rousseau (2001), four were found to be prevalent in the context of this organisation and the experience of employees. These contracts lie across 3 axes of job characteristics, as demonstrated in the model below –

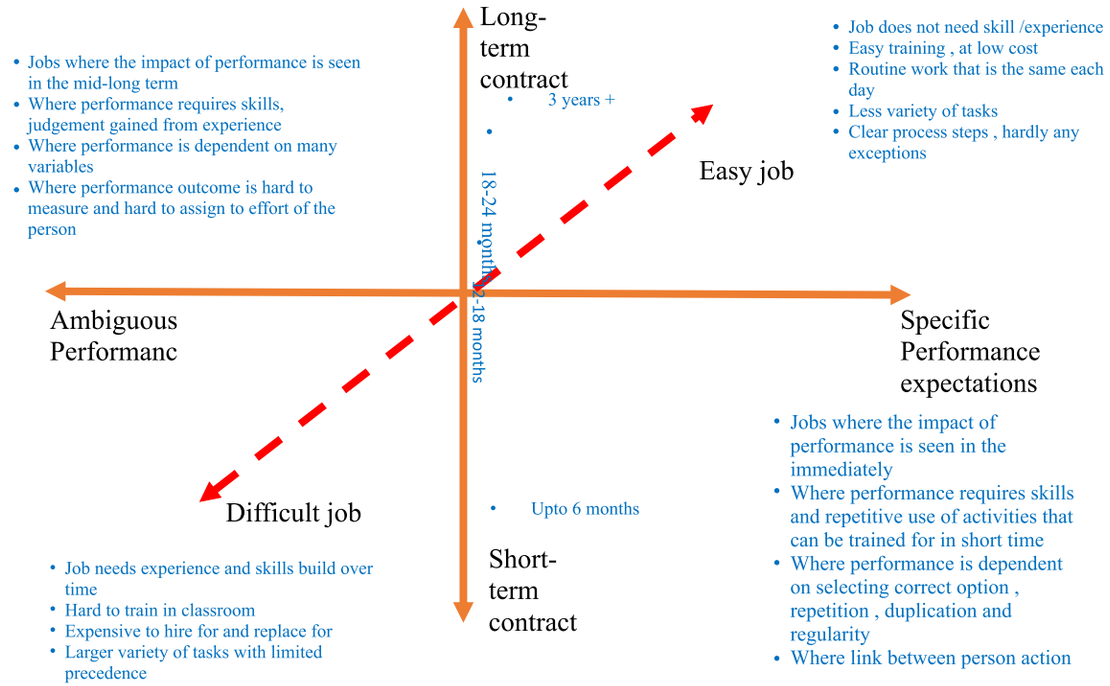


Figure 1 Our 8-HEX model is designed to create a visual representation of variables that define 8 psychological contracts given by Rousseau (2001). (Original figure by Author)

The characteristics of the four psychological contracts found relevant to the current research's scope and purpose are enlisted below.

Parameter	Balanced Tough Contract	Balanced Easy Contract	Transactional Tough Contract	Transactional Easy Contract
Duration	Long-term	Short-term	Short-term; project-based	Short-term; project-based
Nature of Work	- Task specific - Requires learning of specific skills	- Task specific - Requires learning of basic skills - Job skills are quickly learnt and transferred	- Task-specific - Characterized by solution choices, complex instructions, management of exceptions and diverse incoming needs - Requires structured mid-range training to develop familiarity and competence.	- Task specific - Job skills are easily learned and transferred - Employees are hired for a shorter duration of time specified for projects or work.
Task Difficulty	High	Low to Moderate	High	Low
Nature of Organizational Relationship	- **Socio-Emotional:** providing a brand/network the employee can leverage later, involvement in personal well-being, and the responsibility of providing professional growth. - **Monetary:** Compensations and rewards.	- Continuous organisational support leads to higher workplace belongingness and commitment - Longevity is valued. - Employees seek stability over growth.	- Support is not provided/extended - the organisation provides performance enablers like feedback, training, tools and assistance but does not engage in well-being and growth initiatives as the employees are hired for a shorter duration of time, usually project-based. - The shared agreement is primarily based on monetary benefits.	- Support is not expected. - Negligible or no involvement in growth and wellbeing - The shared agreement is based on monetary benefits
Premise	*"I don't just pay you; I will train*	*"Once I train you, you can keep*	*"I pay you more if you perform better. I will*	*"You come, do this task and go. It's a contract.*

Table 3 describes the psychological contracts observed in the study.

(a) The Fallacy of a Transactional Easy Contract During the Hiring Process

It was found that the pre-hiring process involving job adverts, social media campaigns, and online/virtual fairs provided inconsistent information about the nature of the job. Pegged at $11-15 an hour, the adverts targeted candidates whose career alternatives included frontline hospitality roles or ITeS roles such as data services and call centres, each requiring minimal skill and effort to perform at one's highest potential and capacity.

The simple, easy and non-complex entry into the job made the candidates perceive the job as "easy", leading to a unique set of expectations around effort, time commitment and job performance.

While the hiring process indicated a transactional easy contract (with loosely defined role description, easy hiring process, limited or non-existent job preview, low pay, WFH), the post-hiring training process communicated a tough transactional contract characterised by intense cognitive overload, low belongingness, complex instructions and a diverse set of operating procedures.

The narrative themes gained through the qualitative research were plotted on a set of variables tagged to the four types of psychological contracts at play.

Defining Variables for the Contract	**Balanced Tough**	**Transactional Tough**	**Balanced Easy**	**Transactional Easy**
Job Difficulty (in comparison with other similar industries)	High	Moderate-High	Easy	Easy
Expected Duration of Employment	18+ months	12-18 months	9-12 months	Less than 9 months
Performance Specificity	Ambiguous/Changing performance criterion	Specific and defined	Specific and defined	Specific and defined
Need for Training for Job Readiness	High	Moderate	Low	Low
Post-Hiring Need for Training	High	Moderate (to handle exceptions)	Low	Low
Training Complexity	High – Complex concept, multi-step process, more extended time period	Moderate – Novel concept, needs practice and familiarity to master the sequence and steps, moderate time	Short duration, short steps and low variety	Short duration, short steps and low variety

Training Cost	High	Moderate	Low	Low
Workday Variance	High (with unexpected shifts across teams/projects)	Moderate	Low	Low
Performance Differentiation as A Retention Lever	High	High	Low	Low
Stability And Routine as A Retention Lever	Low	Low	High	High
Pay/Salary (Compared to the current $11 per hour)	Higher by 25%	Hired on current and moved to 15% in 6 months	Hired on current and moved to 15% in 6 months	Minimum pay
Recruitment and Replacement Cost	High	Moderate – due to repeated hiring and training	Low	Very low

Table 4 shows the organisation's current psychological Contract against multiple variables.

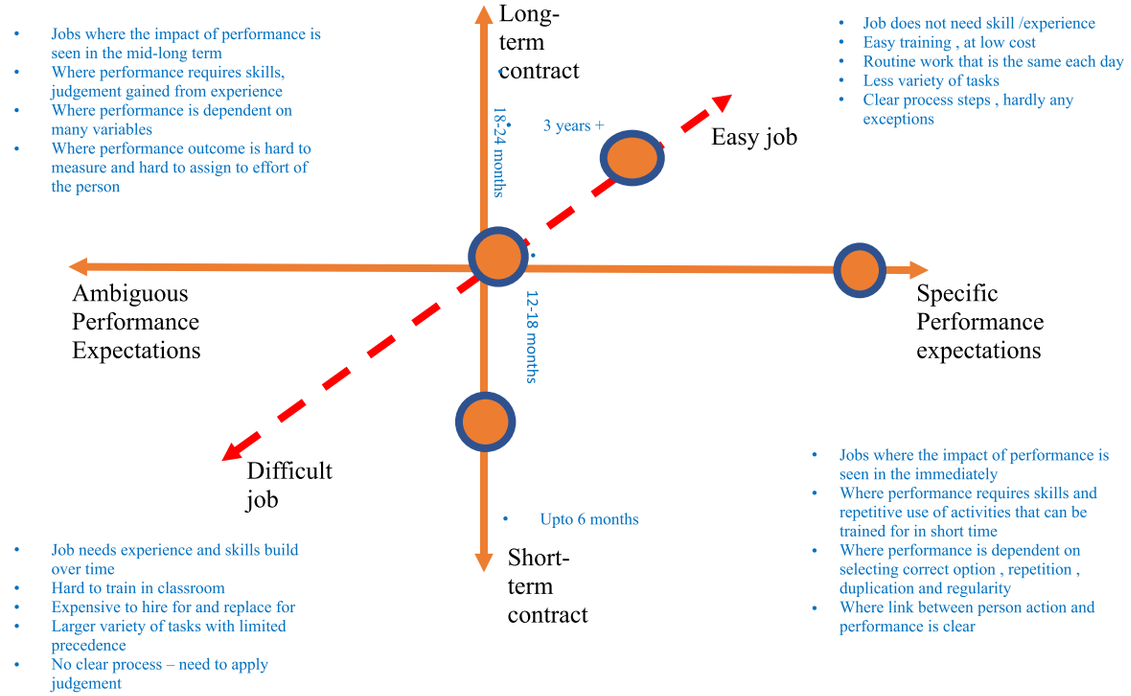


Fig. 2 shows organisation's current position on the 8-Hex model

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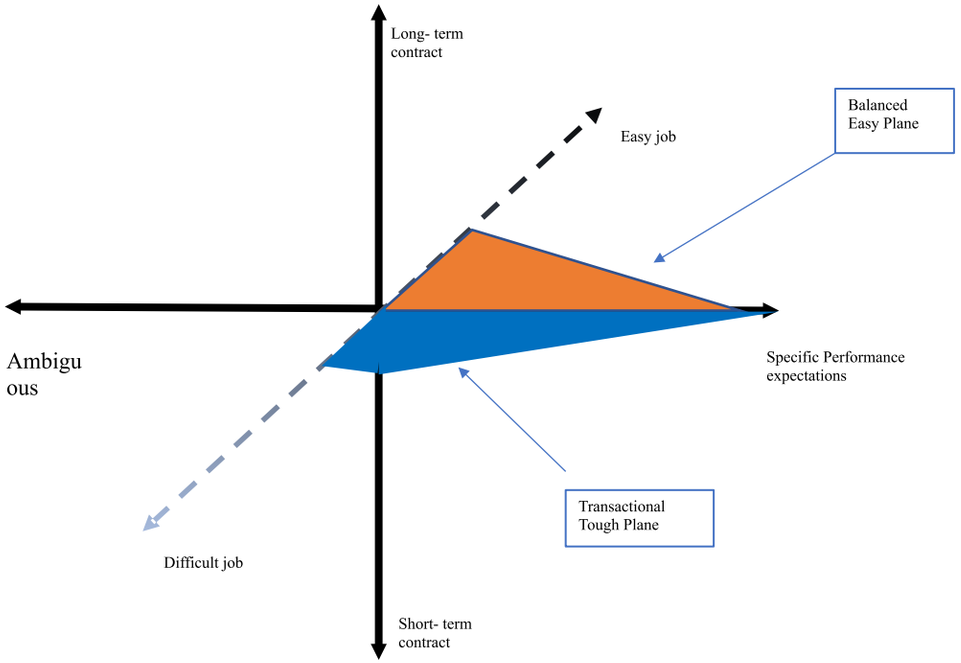


Figure 3 shows the psychological contracts presently provided by the organisation. (Original figure by Author)

The dissonance between the psychological contracts offered during pre-hiring/hiring and training created feelings of disengagement and disbelief in new employees and led to instant attrition within the first 30 days of joining. The extremely tough and complex nature of the training was often contrasted with the high cognitive expectations of the job and the minimal pay ($11-14 per hour) offered.

"This is too hard a job for the pay."

"I decided I would leave 2 weeks into the training, then it was a matter of finding an opportunity to exit."

"I knew the mortgage industry was not for me, in training itself. It all seemed so complex. I work in a call center, now dealing with a much easier attitude."

"The client develops training content; they assume people will have some mortgage background, but people are clueless, and they find the training very, very hard."

"People who struggle with training content also struggle in the role."

(b) The Misgivings About Flexibility

The extensive use of the "work from home" narrative by the organisation at the time of hiring led to imagery around flexibility that was very different from the real on-the-job experience. In the pre-pandemic and pandemic era, individuals seeking "work from home" usually sought to balance work with other aspects of life, seeking freedom to choose small windows of time to engage in non-work commitments. The nature of the job (voice BPO) and design of shifts meant strict adherence to work hours and schedules.

- “Nobody told me it includes sales. It includes a lot of sales, and I did not sign up for it. And the job is 8 hours with very defined breaks; where is the flexibility?"
- "This is too hard a job for the pay."
- "I came from hospitality because I wanted WFH and better work-life balance, but this is just too much. I cannot even get up from my seat."
- "I thought this was a customer service job, and this is actually a sales job with very structured hours."
- "I was expecting to help customers, but here, customers just scream, and you are actually not making them happy."
- "Our job is a 6 on 10 on difficulty level as compared to general shared services/ call centre jobs. The mortgage is one of the hardest processes because there are not many variables, so much to learn and apply."

(c) Uncertainty of Employment Identity

As is the case across all ITeS organisations, the employees are tagged to client accounts. Client accounts hire for their own teams, determine their own pay and incentive structures and often allot employees' “client identities” in the forms of artefacts like email IDs, visiting cards, and names. The work-from-home nature of employment, coupled with a lack of organisation-wide induction programs and limited interaction with HR, led to an inconsistent and low identity engagement with the organisation at large. The client accounts engage with employees on tasks related to their business deliveries and do not offer cultural engagement and value-based employee experience. To them, employees are “resources” they have access to from the larger organisation. Other experiences shared by the employees also indicated a lack of clarity on who exactly they are working for and information about what the organisation does.

- "What is XYZ? I work with ABC."
- "I did not know for very long that I work for a company called XYZ."
- "The client decides everything in my work life. They can order me anywhere, anytime and even ask me to leave – so I don't know what XYZ does."
- "Are you asking me about ABC or XYZ or both."

It was also found that employees were shared and switched across teams at least two times in the

1st 90 days, often without a conversation or communication. This gave them less opportunity to build bonding and belongingness with their colleagues. Such quick transitions created feelings of restlessness and discomfort in the employees and thus led them to the decision to attrite.

- "Even before people can get settled, they are moved from one team to another. It is too much for him."
- "Anyone who shifts more than 3 teams will 100% quit the job."
- "I don't know the name of my manager"

Recommendations for addressing the patterns identified in Finding

1. Develop a behaviourally-anchored organisational structure. The recommended behaviourally anchored organisational model is designed to enable the organisation to strategise hiring, training, and engagement activities in line with the unique talent profiles and job difficulty levels – allowing employees to seek and experience career growth. The model is expected to allow the organisation to create a cascading pay rate model that progresses with increased job difficulty levels. A behaviourally anchored organisational structure, given in Table 5, aims to enhance consistency in the Psychological Contract by better aligning the nature of work, hiring strategy, training, pay, job difficulty and employee skillsets.

Parameters	Transactional Easy	Transactional Tough	Balanced Easy
Nature of Work	• Single screen / easy access to info / easy to fill and retrieve • Scripted/ Standard • Most calls are the same • Exceptions are escalated • Challenges come from speed	• Multiple screens/information access requires navigation / takes time to fill and retrieve • Guidelines are provided, each conversation is different • There is variability in calls • Challenge comes from managing expectations/miscommunications / influencing an action	• Multiple screens/information access needs mental synthesis of data/filling and retrieving needs some interpretation. • Guidelines are provided, each conversation is different • High variability in work • High Compliance • Challenge comes from width of rules/ policies/compliances to be applied
Example of shared services processes that fit this contract	• Provide status • Clarify concerns • Record issues & complaints • Direct the person through steps • Provide access	• Early stage collection • Loan Processing • Mortgage Sales/ Product - information • Grievance handling where commercial implications are there • Customer retention • Exception management	• 3rd party collection • Calculation of EMI/ finances • Sale of investment products that have long term financial implications for the customer • Loan Closure
Hiring Strategy	• Hire Freshers	• Hire Transactional easy with 6 months of process experience Or, • Hire Experienced from like jobs	• Hire Transactional tough with 6 months of process experience • Or, • -Hire Experienced from like jobs
Training	Up to 1 week of training	2 weeks of additional training	2 to 3 weeks of additional training
Pay and Benchmark	Base minimum pay	Pay 15% above the base pay	Pay 20-25% the base pay

Table 5 shows the recommended psychological contracts basis multiple parameters.

2. Structured hiring and career growth flow. A structured and systematic flow of recruitment and career growth was recommended to enhance the consistency of psychological contracts, increase job motivation and eventually reduce early attrition. Figure 4 shows a sample flow for hiring and training that aligns the experience of the candidate to the type of psychological contracts offered in the job design and also provides a structure for career growth. The model uses a distributed training structure that allows for skills to be developed "over time" in line with the role needs and skill progression of the employee.

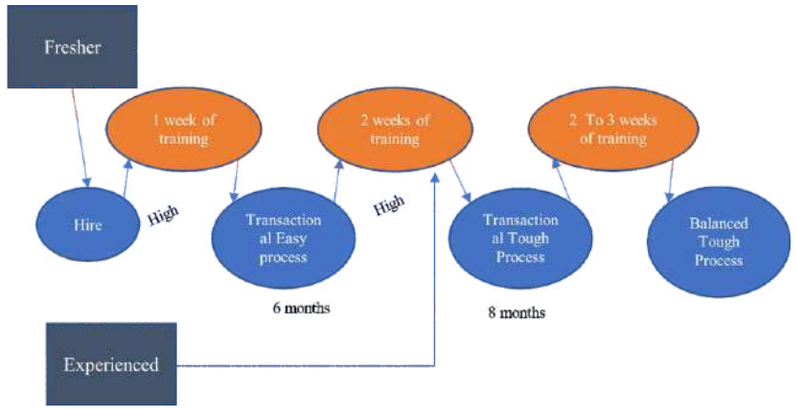


Figure 4 shows the recommended hiring and career growth flow. (Original figure by Author)

The organisation was recommended to hire inexperienced candidates at the current pay scale (minimum pay) for transactionally easy jobs, as listed in Figure 4, with lesser demands on training and higher chances of meeting/exceeding performance expectations within the first 60 days.

The initial performance-related motivation and positive self-esteem will likely reduce early attrition by keeping the individual engaged and developing their much-needed career confidence. On consistent performance and integration within the organisation, the individual can be moved into transactionally tough work processes coupled with a parallel increase in compensation and intensified training.

Such a structured escalation/progression of psychological contracts and job profiles based on timely performance assessment would allow young employees to learn progressively, succeed in their work, and address the unformed career behaviours and aspirations of Donald Super's "Initial Establishment" stage.

Finding 2: Inconsistent addressal of critical employee journey points

The psychological contract essentially begins at the point at which a potential employee comes across advertisements and social media posts regarding job vacancies. At this point, their opinions, feelings and expectations toward the job begin to form. Therefore, the Psychological Contract being offered must remain consistent across the employee journey – from pre-hiring to the first 60 days of employment.

Table 6 indicates the psychological contracts offered by the organisation at different points along the employee journey, from pre-hiring to the first 60 days of employment.

	Pre-Hiring	HR Interview	Training	Academy/ Shadowing	0-7 Days	7-30 Days	30-60 Days
Criticality to the employee experience	Low	High	High	High	High	High	Medium
Unsaid Needs of Employees	• Need for Accurate Information • Speed of Communication	• Need for Affirmation • Need for Accurate information • Speed of Communication	• Need of Affirmation • Need of Belonging • Psychological Safety		• Need for Affirmation • Need of Belonging • Need for Mentorship • Need for Success		
Need Met/Not Met (Person vs Process)	Process Inconsistent	Person Inconsistent	Person Inconsistent	Consistently Met	Process Inconsistent	Person inconsiste nt	Person inconsistent
Employee Emotions							
Primary Mode of Interaction							
Relevant Quote	"The application process was very easy to navigate" "The sales part was not mentioned anywhere in the advertisement"	"I applied and got the offer almost immediately" "I don't know what they were trying to assess - maybe nothing – just anybody can get the job"	"Too much material in a short amount of time" "I could not log in to training because my system was not set up"	"The academy should have been longer; it has been great" "I had only 23 sessions monitored" "I did not speak up as I was scared to loose my job" "Training was inadequate"	"Did not realize the magnitude of sales calls we will have to do" "They changed the software used for billing at the last minute" "It because evident that trainers had never taken calls"	"The Rude Customers are not worth it" "I have cried after several calls" "At times, there is no one to help"	"I would like some more time to interact with my teammates" "I did not sign up for sales and I am judged on that"
Psychological Contract getting communicated	Transactional Easy	Transactional Easy	Transactional Tough	Balanced Tough	Transactional Tough	Transactional Tough	Transactionnal Tough

Table 6 shows psychological contracts offered at different points of the employee journey.

The degree, nature, consistency and purpose of communication at each key employee journey point contributed to an inconsistent experience of psychological contracts, offering employees contradictory information on the role and performance expectations.

- "I knew the mortgage industry was not for me, in training itself. It all seemed so complex. I work in a call centre, now dealing with a much easier attitude."
- "The client develops training content. They assume people will have some mortgage background, but people are clueless, and they find the training very, very hard."
- "People who struggle with training content also struggle in the role."

The narrative interviews identified "training" as the most critical employee journey point that impacted role opinions. It is the point where employees understand their role, the meaning of their job, organisational culture, etc. The virtual, non-video mode of interaction and training, coupled with a focus on one-way communication (from employer to employee), was experienced as devoid of personal empathy and belonging and led to breaks in messages and the experience of a drastically shifting psychological contract. With no camera access, long hours and minimal personal interaction with peers or the trainer, the training was experienced as a disengaging evaluation process rather than an interactive and motivating one. The rigid and intense daily training schedule led to high cognitive overload and physical and mental distress for the new employees.

The vastness and complexity of content (around mortgage processes and policies) were experienced as "tough" and not in alignment with their per-hiring job expectations.

Recommendations for addressing the patterns identified in finding 2

We suggested a breakdown of 3-week training into 1-week (leading to movement into Transactional Easy work processes) and 2-week cohorts (leading to the transition into Transactional Tough work processes). The training design must include non-virtual elements (including video-based connects), allowing new employees to build interpersonal connections with each other and the trainer. The existing academy process involves a trainer shadowing the skill transfer during the first 15 days of the job. While this process was found to be inconsistent, it has proven highly effective. It plays a significant role in boosting performance confidence, contributing to initial success, and solidifying the connection between the organisational objectives and the employee's understanding of their responsibilities. Enhancing the consistency of the "academy process" formed a key recommendation as it helps transition learning from a training set-up to real work scenarios – increasing the chances of on-the-job success.

Finding 3: Perceived deficit of belongingness in communication and lived experience

Belongingness is an essential mediating factor that determines an individual's emotional and cognitive functioning with respect to their organisation and colleagues. It impacts their sense of motivation, engagement and commitment toward the role and their identification with the larger mandate of the organisation.

The research found that not only did the participants feel a lack of connection or attachment with the work process/organisation/task, but they also described low levels of familiarity with their managers, colleagues, and senior leaders.

Conversations, positive strokes, recognition, and celebrating small successes were found to be missing in the first 60 days of the job.

As shown in Figure 5, individual interaction between employers and employees stopped immediately after the hiring was complete. Post the training and academy process, the nature of interaction that the employee shared with managers was found to be transactional and possible only in a group setting. It was found that each employee experienced at least two managerial transitions within the first 180 days, contributing to feelings of detachment and a low sense of belonging. Daily managerial interactions primarily focused on reviews and performance rather than fostering empathy and a sense of belonging.

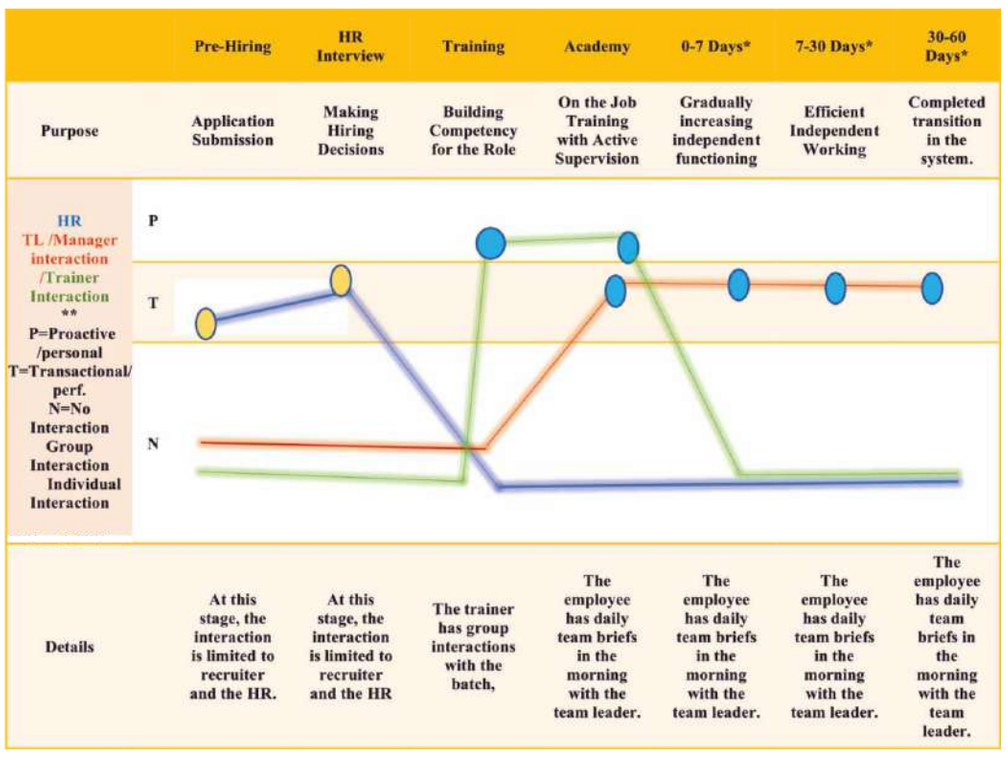


Figure 5 shows the structure of interactions between employees and the organisation. (Original figure by Author)

The following verbatim excerpts support this finding:

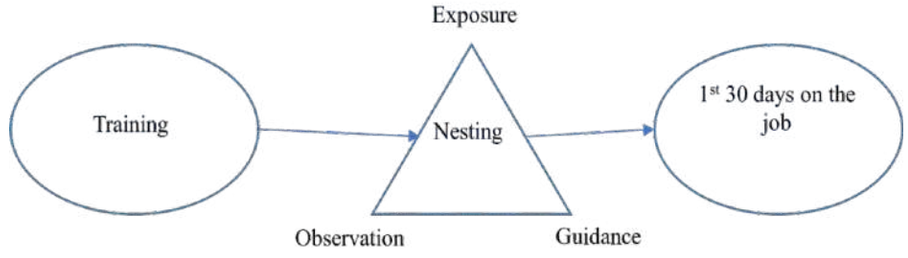
- "Training refresher happens once a month, but day to day, there is usually no one to help a new hire with their questions."
- "My TL? I forget his name. Let me check his email and tell you."
- "We have group team meetings once a week, and they are about performance."
- "In the very 1st week, my TL gave me feedback on my call time and told me I had to improve it. I did not even know what to do on the job."

Low leadership visibility beyond the subsequent level added to the experience of a high belonging deficit. The town halls and leadership communication were a transactional transmission of company performance or performance expectations – with little or no content on company values, intent and aspirations. Formal blueprints of career paths were non-existent or non-communicated, possibly making it difficult for the participants to visualise their future selves in the organisation.

Recommendations for addressing the patterns identified in finding 3

1. Introduction of a Nesting System that aids the transition of the employee from "training" into the real work context for the 1st 30 days – offering the employer higher connections with buddies/trainers/facilitators who can help them apply skills to succeed at their jobs. The process is envisioned to include careful observation, exposure, frequent, focused feedback, and guidance on how to navigate the world of work.

Nesting involves multiple transition stages, each invoking unique emotions within the employees and requiring a distinct set of approaches to achieve integration. Nesting is a critical way to formalise attention and input to recruits. It provides them with a psychosocially safe space to share performance and employment anxieties, along with a place to build long-lasting relationships (Mueller & Lawler,1999).



Transition Stage	Stage equivalent in Firstsource	Emotions	Approach during the Nest	Radical Step
Stage 1: Ending, Loosing and Letting go	Onboarding to Training	• Excitement – I am here! • Uncertainty – what is this about? • Resistance – I don't think I signed up for this.	• Provide **Task clarity** • Explain rules of **adjustment** (dress timing, schedule, behavioral expectations, etc.) • Give a big-picture view **of the purpose** of business, process and employee. • Detailed explanation of **training content** and training hurdles. • Clear communication of career path	• Allow early exit (psychologically, people who chose to stay have committed and tend to stay, J. Manion, 2004)
Stage 2: The Neutral Zone	Training to Academy mid-way	• Do I fit in? • Is this respectable? • Can I succeed?	• Break down skills. LEARN SKILL- ASSESS PROGRESS – ASK QUESTIONS –IMPROVE – GAIN CONFIDENCE • Show what "High performance" can look like • Real job view – using the skills • Psychological safe opportunities to re-train, re-skill	• Allow people to offer retraining or faster progression to complex training
Stage 3: The New Beginning	Midway Academy to job	• High energy. • Openness to learning. • Renewed commitment to the group or their role.	• Shadow • Help with quick success • Recognize learning, effort, improvement, progress • Show what "high performance" can look like • Remain accessible	• Offer a short one-time bonus to those who have adjusted, reward progress

Table 7 shows the transition stages of nesting- as recommended to the client.

2. Increase touch-points: Adding deliberate "belonging touch points" to stages of the employee journey was recommended to create positive engagements in the first 60 days of employment and keep the employees motivated to stay.

3. Deliberate positive strokes: The organisation was recommended to introduce positive strokes and recognition during the first 30 days of an employee's tenure. Positive strokes around adherence to discipline, improvements at work, success at certain tasks, and other positive

achievements. Positive strokes are known to boost the self-esteem and confidence of employees, which, in turn, has the power to fuel a sense of hope for future formal recognition and performance incentives.

4. Humanize all communications. Humanising includes the choice of words, the content of the message, and the medium of communication. Positive, personalised communication that regards the individual's contribution, stresses, successes and challenges was expected to foster a sense of belongingness (Walkey, 2019). The inclusion of personal emails, addressing employees by name, sharing personal stories of success, and showcasing the human side of the organisation as it contributes to society were suggested as possible methods of humanisation.

Conclusion

While much attention is given to enhancing retention via engagement activities, higher pay and employer branding, little or no attention is paid to psychological contracts or the relationship employees form with their roles and organisation based on unsaid and assumed mutual promises. Most interventions remain focused on establishing impact without considering the implicit messages these processes leave with employees around job expectations (Nelesh & Sanjana, 2014). Common hiring and induction processes do not regard the formation of career maturity in young talent.

Recognising the levers of psychological contracts in the first 180 days of employment will help organisations align their communication around the role and its expectations. It will also help identify the touch points that are most critical to the contracts' creation, renegotiation, and re-affirmation.

Given the high volume of Gen Z and millennial recruitment that will dominate specific industries, the forming of psychological contracts will remain limited by the unformed career maturity – leading to impulsive decision-making around job retention. The rise of the gig economy and the high value placed by the younger generation on having control over their time creates a wide range of interpretations around benefits like feasibility or Work-from-Home, both of which are essential factors in the selection of jobs amongst Gen Z and millennials.

The parity between pay and job complexity remains well established, with recent research conforming to its power play. Low-paying jobs are expected to assign a lower cognitive burden. To balance the never-ending war for talent, organisations must attend to psychological contracts and leverage these as critical levers of employee engagement and retention.

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